

# United States Senate

WASHINGTON, DC 20510-1804

February 26, 2008

Ms. Linda E. Stiff  
Acting Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Stiff:

We write to express our strong concerns regarding the Internal Revenue Service's ("IRS") lack of assistance for residents along the Gulf Coast who still have many unanswered questions about the additional tax attributable to their Road Home grants.

As you know, the IRS concluded that taxpayers who took a casualty loss deduction due to damage to their homes and received a Road Home grant must recapture the amount of their casualty loss deductions on their 2007 income tax returns. This decision has caused a dramatic increase in taxes for thousands of our constituents.

Although the IRS arrived at this decision several months ago, it has been extremely slow to respond to the myriad questions and concerns that our constituents have raised. Many residents, for example, have received conflicting information as to how they should account for their grants if they sold their homes back to the Louisiana Recovery Authority. At the same time, many residents have questions as to how they should account for a grant on property that they sold to other individuals.

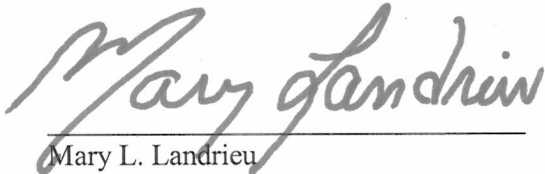
In order to respond more effectively to our constituents, we request that the IRS consider the following measures:

- Provide better coordination between the IRS' Washington, DC and Louisiana offices;
- Conduct town hall meetings in Lake Charles, Houma and New Orleans to assist tax preparers and residents;
- Provide clear guidance and assistance for residents who may not be able to pay back their tax attributable to their Road Home grants;
- Temporarily assign additional caseworkers to the Lake Charles, Houma and New Orleans IRS offices;
- Establish and publicize a toll-free hotline dedicated to questions about the Road Home tax; and
- Schedule "problem solving days" in Houma, Lake Charles and New Orleans to assist taxpayers on an individual basis.

We ask that the IRS consider these measures on an expedited basis given the financial strain and confusion associated with the tax on Road Home grants and the looming April 15 tax deadline.

Of course, if you have any questions regarding the foregoing, please do not hesitate to contact us.

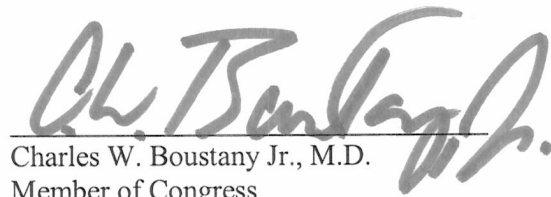
Sincerely,



Mary L. Landrieu  
United States Senator



David Vitter  
United States Senator



Charles W. Boustany Jr., M.D.  
Member of Congress



Charlie Melancon  
Member of Congress



William J. Jefferson  
Member of Congress

cc: Nina E. Olson, National Taxpayer Advocate